

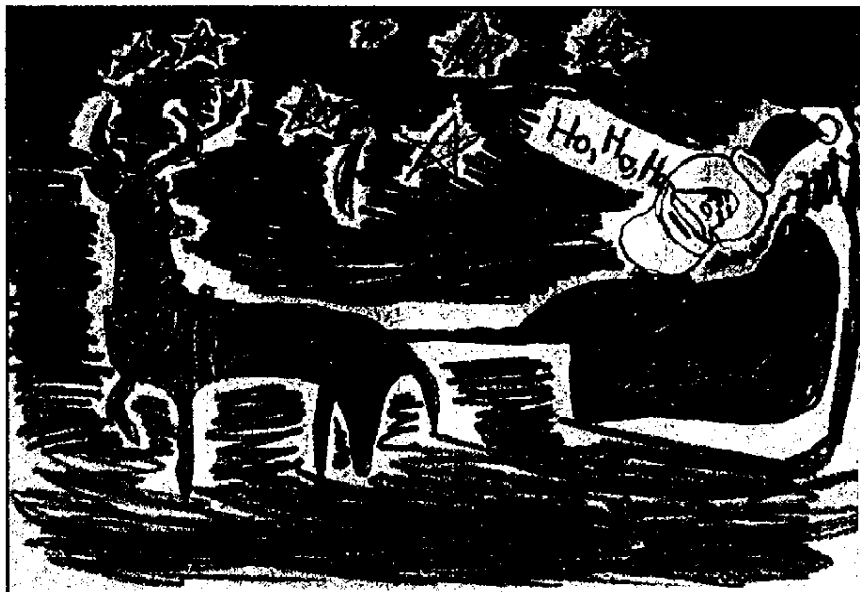
Quick Talk

QUICK CHEK'S NEWSLETTER FOR EMPLOYEES AND THEIR FAMILIES

November/ December 1994

Season's Greetings!

Like the aroma of baking cookies and fresh-cut greenery, the arrival of the first Christmas or Hanukkah card is a sure sign that the holiday season is underway. Adding a personal touch to this tradition are the children of June and Marty Connolly of store #33 who created the cards on this page. Thanks to Krista, Sean and Nicole, and also to Danny Vinciguerra whose holiday card is reproduced on page 8.



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The Name is Courier and it's Quick Chek's Own Private label Cigarette

Quick Chek is in the midst of a 13-week promotion of its new low-cost private label cigarette, Courier. The strategies behind this venture were explained by marketing's Ernie Vespoli and others during the October 26 sales meeting. "Nationwide, tobacco sales account for 28% of all convenience store business," points out Ernie. (See chart on this page.) "So cigarette sales are key to our profit picture."

Two years ago Quick Chek and five other convenience store chains entered into an agreement with the R.J. Reynolds Company for the development, manufacture and marketing of a low-cost private label cigarette. The result was Courier, produced by Reynolds division Forsythe Tobacco.

The partnership entailed millions of dollars invested by R.J. Reynolds and a five-year commitment on the part of Quick Chek to maintain a minimum sales volume.

But why go to the considerable expense of producing a private label product? Can't we just sell the many brands already on the market?

As an R.J. Reynolds spokesperson explained at the meeting, the private label concept is relatively new. Yet, "as of June 1994, private label cigarettes accounted for nine percent of tobacco sales. And this

figure is estimated to reach 15% in the next few years."

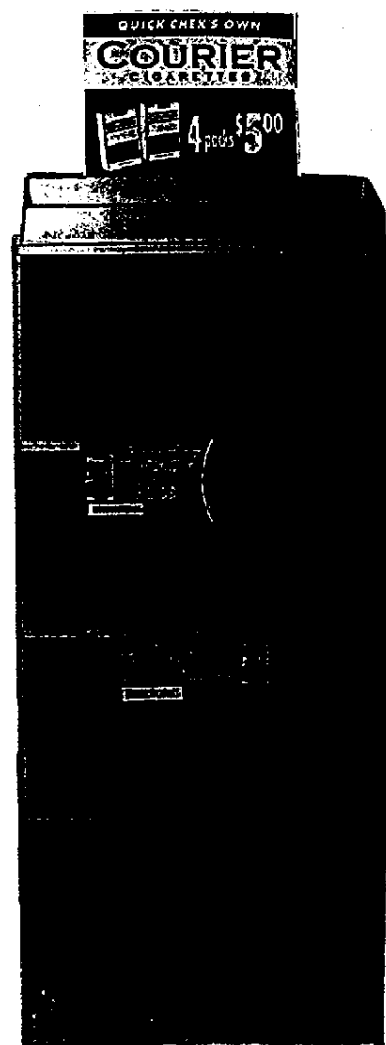
Obviously, then, there is money to be made in this market. And since private label sales tend to be new business, they don't adversely affect branded cigarette sales.

"We're always looking for that competitive advantage—something that separates us from others in our market," points out Bob Page. "Because it is a key business, we need to be good tobacco merchandisers. After all, tobacco sales draw in customers."

During the introductory period, Courier is being heavily promoted via special prices, employee buttons, counter mats, banners, signs, displays and **TV Guide** advertisements. Once the program gets rolling, the everyday low price will be about \$1.39.

"Our goal," says Ernie, "is to maintain a 10% share of the market. That should be easy, once we put our minds to it. It's really important that everyone gets behind this exciting program."

As an added incentive, the store manager in each district with the highest share of market by the end of the first quarter of fiscal 1994-95 (January 31) will receive \$250. In addition, the top store manager will win a trip to the Bahamas.



Free-standing wooden display cases in every store will be dedicated solely to Courier single packs and cartons.

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Top Ten Convenience Store Sales Categories

- 1) Tobacco (28%)
- 2) Beer
- 3) Fast Food
- 4) Soft Drinks
- 5) Milk & Milk Products
- 6) Candy & Gum
- 7) Salty Snacks
- 8) Groceries
- 9) Publications
- 10) General Merchandise

Other Highlights of the Sales Meeting

Branded Foods

Effective January 1995, select Quick Chek stores will begin selling Roy Rogers fast food and Nathan's hotdogs.

Branded Coffee

Also in January, Quick Chek will test market its own branded coffee. Rollout will follow later in the year.

Seasonal Products

A variety of Power Rangers toys and gadgets as well as a gyrating plush monkey is aimed at the younger set. Holiday food items include two pies for \$5, pound boxes of cookies retailing for \$3.99, and Hickory Farms cheeses and sausages.

84 Percent Breads

Introduced three years ago in Europe where

it's now the top-selling bread of its kind, 84 percent breads are notable for their quality, consistency, freshness and speed of preparation. Since they are 84 percent prebaked, the many varieties can go from freezer to customer in 15 minutes.

Fresh-baked Donuts

How can you sell an \$.18 donut for \$1.00 or more? Easy—just slice it in half, put creme in the middle, pipe some on top and you've got yourself one fancy donut. Even if you go the simple route, a plain, fresh-baked donut sells for \$.49—not a bad profit, either. And they're quick—just five to eight minutes to prepare from the freezer.

(Continued on page 5)